

A Study on Factors Responsible for Customer Investment Decision With Respect to Depository Products in HDFC Bank at Jaipur City

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Abstract –

This research shows that the influence of Risk, ROI, Liquidity, Safety, Income, Tax Benefit and Maturity Period on customer investment decision with depository products of HDFC bank. This research also uncovers demographic factors that influence customer investment decisions. This research was conducted among 120 respondents in a simple random sampling. The research was conducted among the customers of HDFC bank mainly in Private Job, Professional and Government Employee. It provide us a view on how these investors take their Investment decisions.

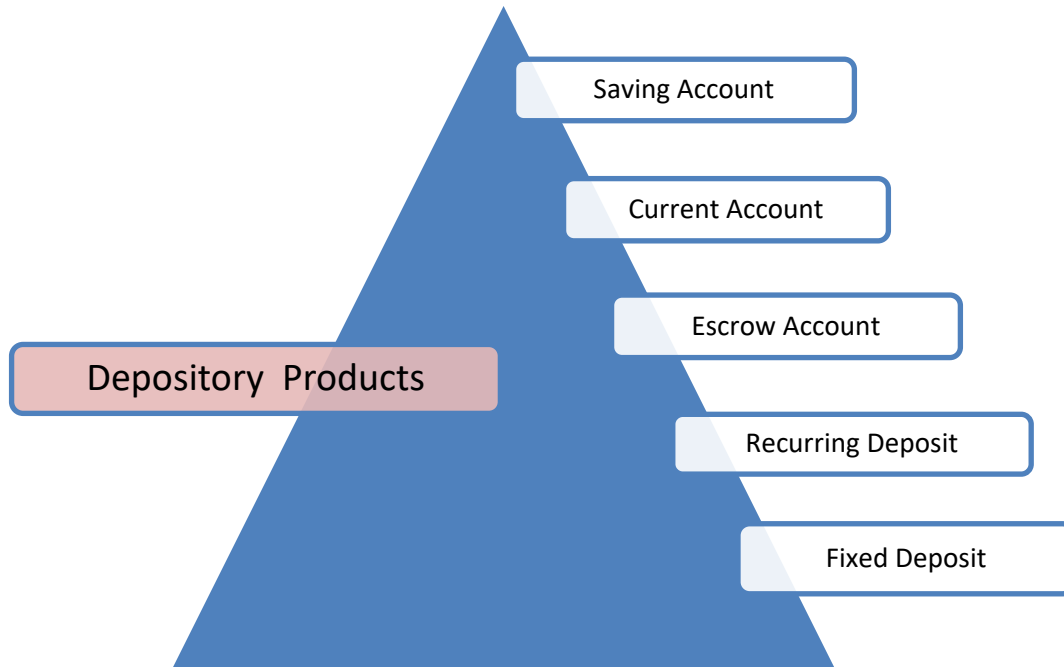
- Main factors responsible for their investment decision.
- People are involved in their decision making process

Keywords – Bank Deposit, Investment Pattern, Investment Decision, Customer Satisfaction

Introduction –

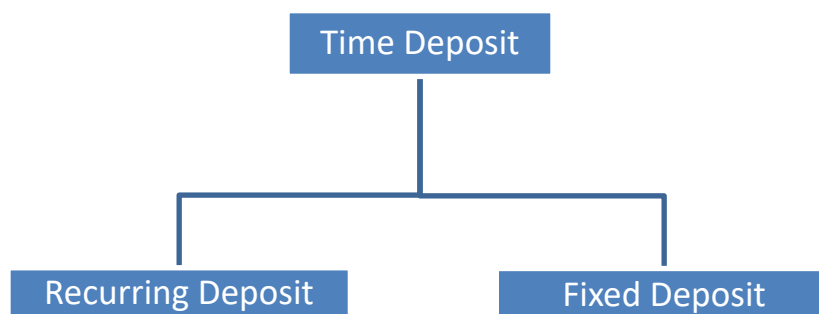
Investment means purchase of goods or assets for future use. HDFC bank which is India's No.1 private bank plays a major role in it. Investment can be done through many ways like Buying Shares or Debentures, Mutual Funds, Property etc.

One of investment type is Depository products. It is not so popular as Mutual Funds or Shares but very important part of Investment options. It plays a vital role in providing finance to the Bank which is an essential element for it. HDFC bank provides a lot of depository options facilities such as –



These are Depository Products offered by HDFC bank. All these products follow the rules and norms issued by RBI. One person can go for as many depository services he wants to take. There is no limitation in it. There are a lot more options available to Investor but different people have different priorities while selecting Investment options.

Time Deposit – Recurring Deposit and Fixed deposit are collectively known as time deposit. They are safer investment options as compared to shares and mutual funds. They also provide a safe and fixed rate of return.



This study will find what are preference of people while Invest in depository products and how satisfied consumers are with their current Investments. Under this 120 samples are selected and all are users of HDFC's depository products.

Research Problem –

- The main problem of the study is to find consumer's buying behavior while investing in depository products.
- What are his preference while Invest in depository products with Banks?
- Which parameters is Consumer looks while investing in banks.

Research Objective –

Primary Objective: To study factors responsible for investment decision in various depository accounts

Secondary Objective: To understand impact of demographic factors towards different time deposits

Hypothesis –

H0	Factors are not responsible for investment decision in various depository products.
H1	Factors are responsible for investment decision in various depository products.
H0	There is no impact of demographic factors towards different time deposits.
H1	There is impact of demographic factors towards different time deposits.

Literature Review –

1. Dr. K. Alagarsamy and S. Wilson(2013) studied “A study on customer behaviour towards banking services with special reference to public sector banks in Sivagangai District” they finds that occupation plays a major role for Investment.
2. Dr. R. Rajendran (April 2020) studies about “Investment pattern of people of Thanjavur district of Tamil Nadu”, he finds out that people of age group 30-60 saves the most and Safety is the main attribute in the investment people are looking for followed by liquidity of investments.
3. Keria Kontot, Jamil Hamali & Firdas Abdullah studied “Determining Factors of Customers' Preferences: A Case of Deposit Products in Islamic Banking” they find that Sharia Compliance, Ethics & social issues encourage people to deposit their money with Islamic banking.
4. M.E.Doddaraju (2013) studied “ Customer Satisfaction towards public & private sector bank in Coimbatore region” finds that private banks give better service than public sector banks.

5. Bharat Bhushan (2018) studied “Investment pattern of people in rural areas of Himachal Pradesh”, finds that investment pattern of households have been affected by both income as well as consumption pattern as well as, as person become old because of less income source investment rate decreases.
6. Hanopia Biao Lita (2018) studied “Investment deposits decision making in Bank : A behavioral finance perspective”, analyze that Profit, Interest, Satisfaction, regret, Belief, Income etc. will affect Investment decision of people.
7. Abhinandan, Aiman Alasbahi, Ebrahim (2019) studied “Analysis of Investment Pattern of Different Class of People: A Review” they find out that their decision are affected by family members and most of the urban population wants to invest their money in Shares & Securities and Bank deposits.
8. Geetha N. and Ramesh M. (2012) studied “Role of demographic factors in investment decisions” they find that there are major factors that affect investment decision these were Risk involved, Safety, ROI and Liquidity of investments.

Research Gap –

- All the seven mentioned factors i.e., Risk, ROI, Liquidity, Safety, Income, Tax Benefits and Maturity Period are not been covered together by previous researchers.
- So, in this research all these factors were analyzed together.

Research Methodology –

- Exploratory and Descriptive Research has been conducted in two phases. In First Phase, Primary data is being used i.e., questionnaire. In Second Phase, secondary data (Books, Newspaper, Articles etc.) is being used.
- Dependent Variable – Consumer Buying Behaviour
- Independent Variables – Risk, ROI, Liquidity, Safety, Income, Maturity Period and Tax Benefits
- 120 respondents are being selected through simple random sampling method in Jaipur City.
- Use of both Primary (Questionnaire) as well as secondary (Books, Article, Newspaper etc.) data.

Data Analysis –

Reliability Test:

Under it the Cronbach's Alpha value comes out to be 0.857. This value indicates the consistency of data is good. Hence, data is reliable.

Cronbach's Alpha	N of items
.857	8

Validity Test:

On the basis of correlation table the resulted significant value fetched by Sig. 2 tail – $0.000 < 0.05$

Comparing to sig of 0.05, the r value is 0.179. This indicates, Pearson's correlation is > 0.179

Thus, all items are valid.

	Risk	ROI	Liquidity	Safety	Income	Maturity Period	Tax Benefit	Overall Objective
Pearson's Correlation	.726	.810	.740	.756	.666	.736	.742	.475
Sig(2 tail)	.000	.000	.000	.000	.000	.000	.000	.000
N	120	120	120	120	120	120	120	120

Chi Square Test: For Hypothesis 1

- Risk :

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.666 ^a	16	.000
Likelihood Ratio	44.809	16	.000
Linear-by-Linear Association	6.642	1	.010
N of Valid Cases	120		

a. 16 cells (64.0%) have expected count less than 5. The minimum expected count is .47.

- ROI :

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	60.991^a	16	.000
Likelihood Ratio	63.167	16	.000
Linear-by-Linear Association	11.328	1	.001
N of Valid Cases	120		

a. 16 cells (64.0%) have expected count less than 5. The minimum expected count is .29.

- LIQUIDITY :

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	62.711^a	16	.000
Likelihood Ratio	62.175	16	.000
Linear-by-Linear Association	10.081	1	.001
N of Valid Cases	120		

a. 17 cells (68.0%) have expected count less than 5. The minimum expected count is .53.

- SAFETY :

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.019^a	16	.000
Likelihood Ratio	36.121	16	.003
Linear-by-Linear Association	7.327	1	.007
N of Valid Cases	120		

a. 18 cells (72.0%) have expected count less than 5. The minimum expected count is .23.

- INCOME :

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.576^a	16	.036
Likelihood Ratio	29.800	16	.019
Linear-by-Linear Association	1.255	1	.263
N of Valid Cases	120		

- a. 18 cells (72.0%) have expected count less than 5. The minimum expected count is .18.

- MATURITY PERIOD :

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	49.779^a	16	.000
Likelihood Ratio	47.806	16	.000
Linear-by-Linear Association	11.264	1	.001
N of Valid Cases	120		

- a. 17 cells (68.0%) have expected count less than 5. The minimum expected count is .23.

- TAX BENEFIT :

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	45.785^a	16	.000
Likelihood Ratio	49.028	16	.000
Linear-by-Linear Association	6.312	1	.012
N of Valid Cases	120		

- a. 18 cells (72.0%) have expected count less than 5. The minimum expected count is .35.

Analysis Criteria –

If p value < 0.05 , we reject Null Hypothesis (H_0)

If p value > 0.05 , we fail to reject Null Hypothesis (H_0)

Since, significant p value < 0.05 in all the factors

Therefore, we reject Null Hypothesis.

Hence, we can say that above mentioned factors are responsible for investment decision in various depository products.

Anova Test: For Hypothesis 2

Two way Anova Test Between-Subjects Effects

Dependent Variable : **Recurring Deposit**

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	9.658 ^a	78	.124	1.875	.015
Intercept	.494	1	.494	7.475	.009
Profession	.707	4	.177	2.677	.045
Income Category	.395	4	.099	1.495	.221
Gender	.010	1	.010	.153	.698
Age	.359	4	.090	1.360	.264
Marital Status	.422	2	.211	3.197	.051

a. R Squared = .781 (Adjusted R Squared = .364)

Two way Anova Test Between-Subjects Effects

Dependent Variable : **Fixed Deposit**

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	23.075 ^a	78	.296	1.831	.018
Intercept	7.777	1	7.777	48.126	.000
Profession	2.224	4	.556	3.441	.016
Gender	.012	1	.012	.077	.783
Age	.944	4	.236	1.461	.232
Income Category	.555	4	.139	.859	.496
Marital Status	.380	2	.190	1.177	.318

a. R Squared = .777 (Adjusted R Squared = .353)

Analysis Criteria –

If p value < 0.05, we reject Null Hypothesis (H0)

If p value > 0.05, we fail to reject Null Hypothesis (H0)

Profession	<p>Here, p-value < 0.05 for both</p> <p>Therefore, We reject Null Hypothesis (H0).</p> <p>Hence, We can say that There is impact of Profession towards different time deposits. A change in Profession can impact Choice of Time deposit Option.</p>
Age Gender Income Category Marital Status	<p>Here, p-value > 0.05 for both</p> <p>Therefore, We fail to reject Null Hypothesis (H0).</p> <p>Hence, We can say that there is no impact of Age, Gender, Income category & Marital status towards different time deposits.</p>

Findings –

- Profession is the main demographic factor that can influence choice of Investment in Time Deposits.
- Nearly 64% of Investors are prefer to Invest in for Long term Profit while nearly 32% prefer to have Steady Income from their Investment and nearly 4% of Investors prefer Short term Profit.
- More than 42% of investors recommend the advice of Friends/Family while Investing.
- Nearly 86% of users use Saving Account while 4.2% people use Escrow Account.
- Only 32% people are aware of Bonds issued by HDFC bank.
- Net Promoter Score for HDFC bank is 12.
- Nearly 48% Private Job holders are users of Saving Account while 51% are users of Fixed Deposits.
- Risk is the main factor consumers seeks at while invest in depository products.

Suggestion –

- People of Income group above 10 Lakhs are less, bank should try to capture this segment.
- Other facilities should be provided with Depository accounts to attract more customer investments.
- 25-30 age group segment is the most potential and special Focus should be given to them.

- Most of the customers are not aware about Bonds issued by HDFC bank. So, they should focus on that product as well.

Limitations –

- Sample size is moderate.
- Geographical limitation – The survey is limited to Jaipur city.
- Study does not include students.
- Time & Cost constraint.

Conclusion –

According to results, all the factors Risk, ROI, Safety, Income, Tax Benefit, Maturity Period and Liquidity influences Investment decision in Depository Accounts. Among these most important factor customer seeks for Safety and Income the most.

There are many demographic factors but only Profession is the factor that influences the Investment decision in Time Deposits. We can say that there is no impact of Age, Gender, Income category and Marital status towards different time deposits. Among all of them most of the users are in Private Job followed by Professionals and Government Job.

This study would help banks to understand the factors that influence the final choice of Investor and guide them to understand the customer's investment behaviour.

Future Scope –

- Researcher can analyze impact of demographic factors on customer investment decision on depository products.
- They can also analyze impact of advertisement on customer investment decisions.

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